



# MONTHLY TOURISM UPDATE

April 2023

Georgia

## International Travel Dynamics in Georgia (Q1 of 2023)



Research



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## Summary

- ❏ In Q1 of 2023, **the number of international visits to Georgia reached a total of 1.1 million**, which amounts to 79.9% of the corresponding quarter of 2019 (i.e. the pre-pandemic level). Notably, tourist visits (i.e. international visits with at least one overnight stay) almost recovered to the pre-pandemic number (95.8%) and reached 845,322 visits.
- ❏ In Q1 of 2023, **Russia** was the biggest source country of visitors to Georgia, amounting to 256,787 visits (exceeding the pre-pandemic level by 1.1%), followed by **Turkey** (whose number exceeded the pre-pandemic level by 7.6%) and **Armenia** (still 21.5% short of the pre-pandemic number).
- ❏ Despite only a partial recovery in the number of international visits in Q1 of 2023, **the income from international travel reached USD 795.4 million**, which is 38% higher compared to the pre-pandemic number.

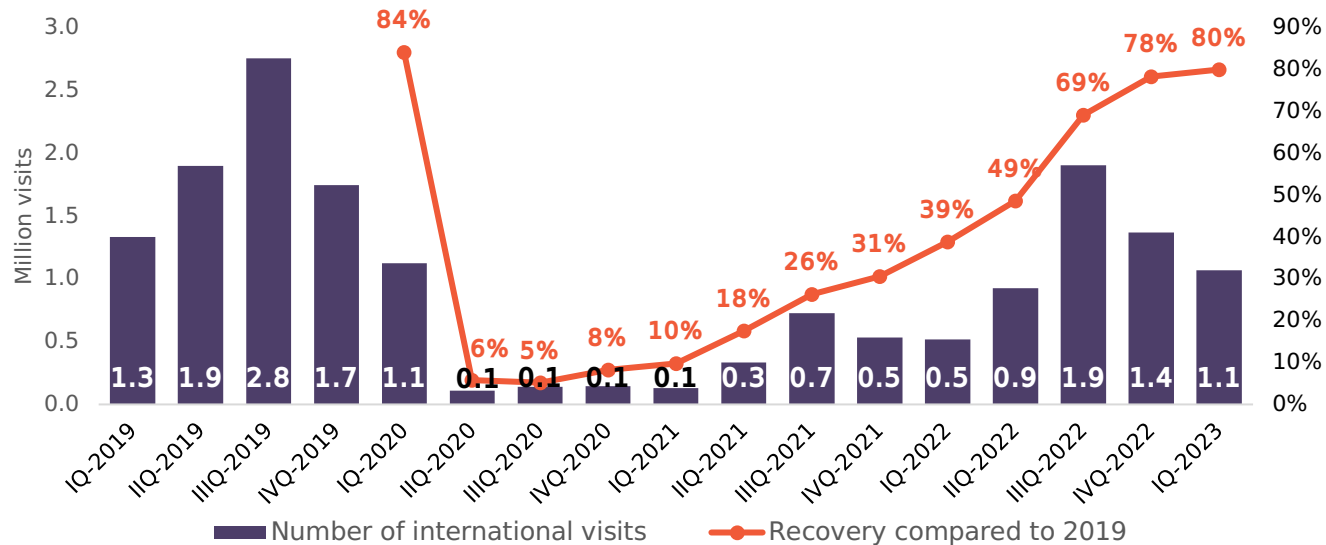
- ❏ In terms of nationality, **the income from Russian travelers was the highest** in Q1 of 2023 and amounted to USD 266.4 million (33.5% of total income from international travel – 5pp higher compared to 2019), which is 29% higher than the corresponding quarter of 2019.
- ❏ Notably, according to the National Bank of Georgia, as of 31 March 2023, **35.5% of Russian citizens, 23.7% of Ukrainian citizens, and 44% of Belarusian citizens** residing in Georgia were estimated to have been living in the country for one year or intending to stay for more than one year, and their expenditure is not included in the calculations of income from travel.
- .....
- ❏ In April 2023, in Georgia, **the Hotel Price Index (HPI)** decreased by 0.2% compared to March 2023, mainly attributed to the price decrease of guesthouses (-20.5%). On the other hand, the HPI increased by 5.0%, compared to April 2022.



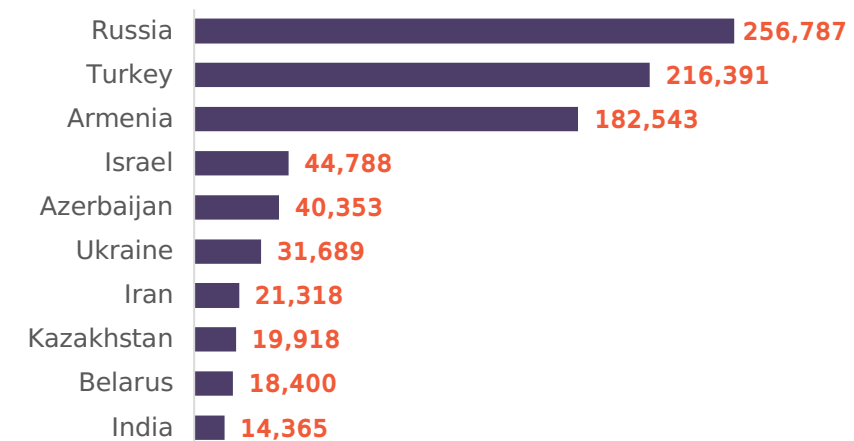
# INTERNATIONAL VISITS IN Q1 OF 2023

In Q1 of 2023, the inflow of international visitors to Georgia showed a significant recovery compared to the pre-pandemic numbers. In particular, **the number of international visits reached a total of 1.1 million, which is 106% higher compared to Q1 of 2023 and amounts to 79.9% of the pre-pandemic (Q1 of 2019) total.** Of note, tourist visits (i.e. international visits including at least one overnight stay) almost recovered to the pre-pandemic number (4.2% lower compared to Q1 of 2019) and reached 845,322 visits. This could be attributed to the increased global demand for tourism services after the end of the pandemic and non-tourism-related factors (e.g. the continuation of the large-scale migration/inflow of Russians, Ukrainians, and Belarusians since the beginning of the Russo-Ukrainian War). Notably, the official declaration of the end of the COVID-19 pandemic on the 11<sup>th</sup> of May 2023 is also expected to positively impact the tourism recovery.

Number of international visits and its recovery to pre-pandemic number



Top 10 countries by the number of international visitor trips in Q1 of 2023



Source: Georgian National Tourism Administration (GNTA)

**In Q1 of 2023, Russia was the biggest source country of visitors to Georgia**, with 256,787 visits, which is equal to 24% of total international visits (5 pp higher compared to 2019). Pertinently, the number of visits by Russian citizens showed a significant year-on-year increase (257.7%), exceeding the pre-pandemic number as well (by 1.1%). In terms of number of visits, the second and third source countries were fellow neighbors Turkey (20% of total visits, exceeding its pre-pandemic number by 7.6%) and Armenia (17% of total visits, still 21.5% below its pre-pandemic number).

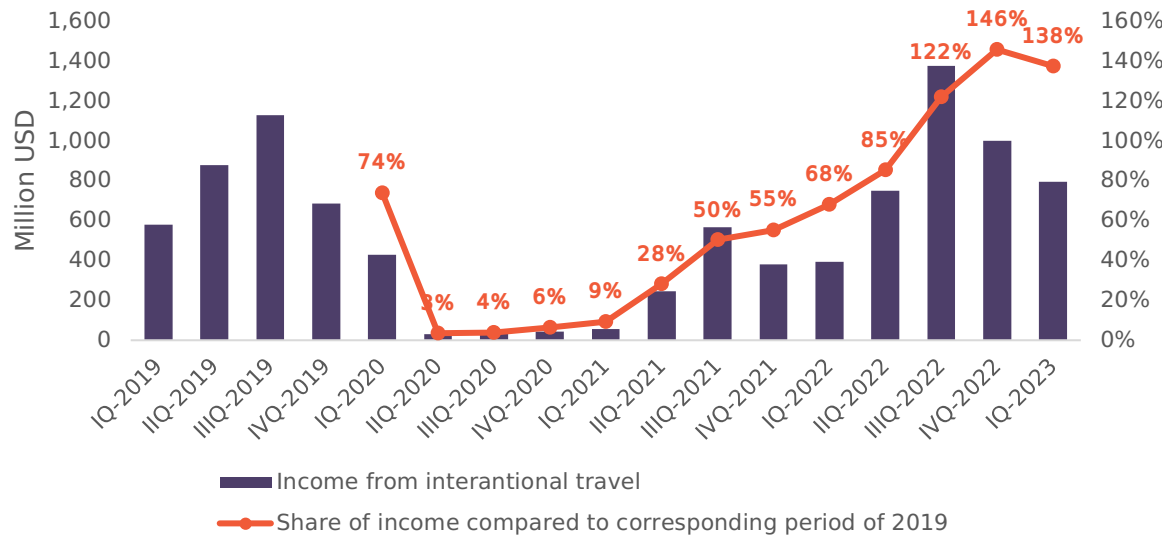
Among the top 10 source countries, the number of visits from **Belarus** exceeded the pre-pandemic number by 181%, followed by **Kazakhstan** (85.2%), **Israel** (79.2%), and **India** (23.4%). On the other hand, the smallest recovery among the top 10 was recorded by for **Azerbaijan** (86.2% lower compared to Q1 of 2019), which is directly attributed to the closure of its land borders.



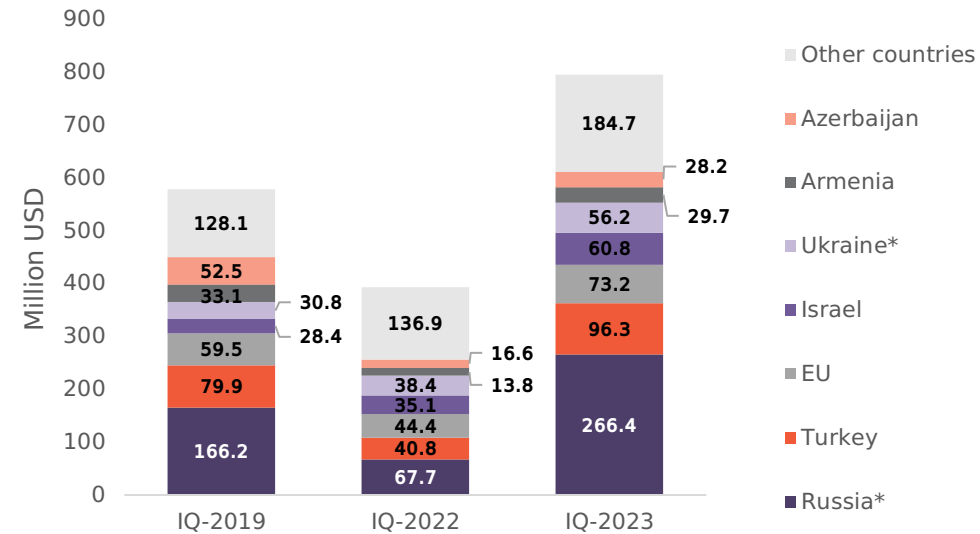
# INCOME FROM INTERNATIONAL TRAVEL IN Q1 OF 2023

Despite only a partial recovery in the number of international visitors in Q1 of 2023, income from international travel exceeded the pre-pandemic level significantly. In particular, in Q1 of 2023, **income from international travel reached USD 795.4 million, which is 102% higher compared to Q1 of 2022 and 38% higher compared to Q1 of 2019**. Significantly, the recovery has been gradual, but since Q3 of 2022 income from international travel has been exceeding the pre-pandemic number for the corresponding periods. Factors such as the partial inclusion of long-term travelers in the calculations, increased average length of stay, and the relative recovery of international tourism as a whole have all played a role in this steep increase in income.

Income from international travel and its share compared to pre-pandemic values (2019-2022)



Distribution of the income from international travel by countries



Source: National Bank of Georgia

In terms of nationality, **income from Russian travelers was highest in Q1 of 2023 and amounted to USD 266.4 million (33.5% of total income from international travel), which is 29% higher compared to 2019**. In this regard, Russia was followed by Turkey (12% of total income), which marked a recovery to 64% of the pre-pandemic number, and the EU (recovering to only 38% of its pre-pandemic number, and contributing 9% of total income).

Among the top countries, the **income recovery** rate was the lowest for Azerbaijan (recovering to just 36% of its pre-pandemic figure). Meanwhile, after Russia, the highest recovery rates were recorded by Ukraine (78%) and Israel (68%).

According to the National Bank of Georgia, as of 31 March 2023, **35.5% of Russian citizens, 23.7% of Ukrainian citizens, and 44% of Belarusian citizens** residing in Georgia were estimated to have been living in the country for one year or intending to stay for more than one year. According to IMF methodology, they are treated as Georgian residents, and their expenses are not included in the calculations of income from international travel.



# HOTEL PRICE INDEX IN GEORGIA

In April 2023, in Georgia the hotel price index<sup>1</sup> decreased by 0.2% compared to March 2023. The 3-star, 4-star, and 5-star hotel price index increased by 1.5%, while for guesthouses, the price index decreased by 20.5%.

The monthly HPI was the highest in Kakheti (8.5%) and lowest in Shida Kartli (-10.6%)

In April 2023, compared to April 2022, hotel prices in Georgia increased by 5.0%. The prices of 3\*, 4\*, 5\* hotels increased by 4.0% and the prices of guesthouses increased by 7.1%.

The yearly HPI was the highest in Guria (25.2%) and lowest in Racha (-12.9%).

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2023 Apr/ 2023 Mar	2023 Apr/ 2022 Apr	2023 Apr/ 2023 Mar	2023 Apr/ 2022 Apr	2023 Apr/ 2023 Mar	2023 Apr/ 2022 Apr
Kakheti	8.5%	1.9%	15.8%	11.8%	4.9%	-5.8%
Imereti	0.4%	-0.4%	0.5%	-5.3%	0.0%	4.7%
Guria	3.2%	25.2%	3.2%	9.2%	-	88.9%
Kvemo Kartli	-	10.0%	-	10.0%	-	-
Adjara	1.9%	5.5%	3.4%	1.8%	-10.6%	12.8%
Racha	0.0%	-12.9%	-	-	0.0%	-12.9%
Shida Kartli	-10.6%	19.2%	-	Ap	-10.6%	28.5%
Samegrelo-Zemo Svaneti	2.7%	8.8%	2.6%	16.4%	2.8%	2.4%
Samtskhe-Javakheti	0.4%	1.9%	6.0%	2.8%	-2.2%	1.3%
Mtskheta-Mtianeti	-9.4%	8.0%	-17.7%	5.1%	-0.2%	12.2%
Tbilisi	0.3%	4.9%	2.9%	4.8%	-31.1%	5.7%
<b>Overall Price % Change</b>	<b>-0.2%</b>	<b>5.0%</b>	<b>1.5%</b>	<b>4.0%</b>	<b>-20.5%</b>	<b>7.1%</b>

<sup>1</sup> The calculation of the hotel price index is based on the recommendations given by the International Monetary Fund (IMF). The elementary aggregate price index is calculated by Jevons index (Consumer Price Index Manual-Theory and Practice (2004),

Practical Guide to Producing Consumer Price Indices (2009). Note, that for the selected regions, the sample size is relatively low compared to other regions (ex. Shida Kartli, Racha). Therefore, the calculations of Hotel Price Indices for those regions the HPI may

stand for changes in the prices for only a small number of enterprises, therefore lacking the ability to show the general pattern of the hotel price change in these regions.

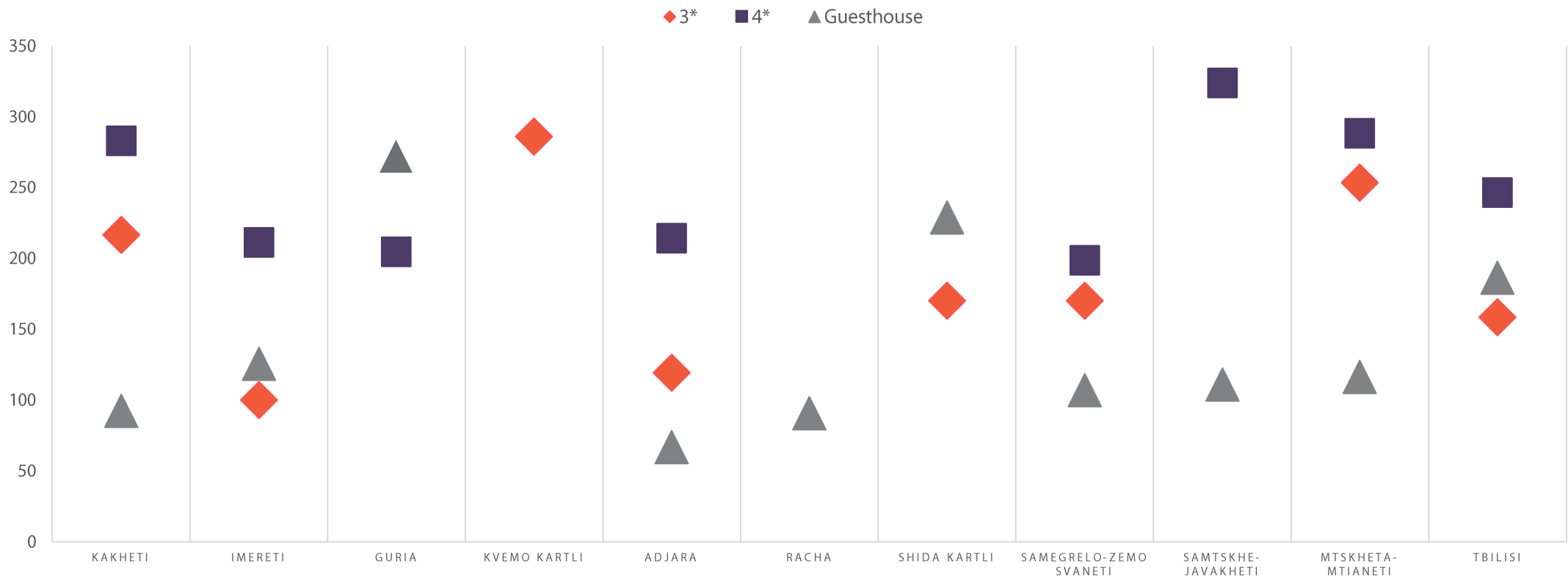


# THE AVERAGE HOTEL PRICES IN GEORGIA

In Georgia, the average cost of a room<sup>2</sup> in a 3-star hotel was **157 GEL** per night in April 2023, while the average cost of a room in a 4-star hotel in Georgia was **247 GEL** per night and the average cost of a room in a guesthouse<sup>3</sup> was **115 GEL** per night.

The average cost of a room in a 5-star hotel in Georgia in April 2023 was **373 GEL** per night. In Kakheti, the average price was **548 GEL**, followed by Tbilisi – **452**, Samtskhe-Javakheti – **354**, and Guria – **328**.

THE AVERAGE PRICES OF 3\*, 4\* STAR HOTELS AND GUESTHOUSES BY REGIONS (APRIL 2022, IN GEL)



<sup>2</sup> The results are based on the surveying of standard double hotel room prices of 3, 4, 5-star hotels and guesthouses in 10 regions of Georgia. Hotels were chosen arbitrarily according to random sampling principle. The study contains 71% (312) of all 3, 4 and 5-star hotels and 25% (456 guesthouses) of all guesthouses

registered on [www.booking.com](http://www.booking.com) The 3, 4 and 5-star hotel price data was collected by contacting hotels individually, while the prices of guesthouses were taken from [booking.com](http://booking.com). The average prices are arithmetic mean of standard double hotel room prices.  
<sup>3</sup> Guesthouse: a type of accommodation that is characterized by

having a small number of rooms and services are usually offered by the resident family.



# BASIC ECONOMIC INDICATORS IN GEORGIA

	2016	2017	2018	2019	2020	2021	I 2022	II 2022	III 2022	IV 2022	2022	I 2023
<b>GDP in current prices for Accommodation and Food Service Activities (mln)</b>	1054.1	1437.5	1800.0	2223.0	1204.5	1783.6	360.9*	536.2*	831.1*	646.2*	2374.5*	-
<b>Number of International Travelers (thousand persons)</b>	6720.0	7902.5	8679.5	9357.9	1747.1	1881.3	576.5	1049.4	2266.7	1534.3	5426.9	1208.5
<b>Number of Tourists (thousand persons)</b>	3297.3	4069.4	4756.8	5080.5	1087.0	1577.5	456.0	749.3	2082.6	948.8	3652.9	845.3
<b>Revenue from International Travel (mln USD)</b>	2110.7	2704.3	3222.1	3268.7	541.7	1244.9	393.7	748.8	1374.7	999.5	3516.6	795.4
<b>The Expenditures of Georgian Travelers Abroad (mln USD)</b>	386.3	463.6	524.7	657.2	180.5	184.7	72.2*	103.5*	118.6*	114.3*	408.6*	-
<b>Foreign Direct Investment in Hotels and Restaurants Sector (mln USD)</b>	118.1	111.4	106.0	119.3	-247.2	-7.4	10.6*	6.9*	16.1*	-2.0*	31.5*	-

\* Preliminary data



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